



ECONOMIC EFFECT OF CORONA VIRUS ON INDIAN ECONOMY

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ABSTRACT

Coronavirus (CoV) is a large family of viruses that causes illness. It ranges from the common cold to more severe diseases like Middle East Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV). The novel coronavirus is a new strain of virus that has not been identified in human so far. As we can see this virus has disturbed the whole economic chain it disturbs the circular flow of income because in an economy someone's income is someone's expenditure. In this paper we will see how it is affecting our economy and what the possible solutions to come back on track are and how this virus will affect our GDP.

KEYWORDS: GDP, Corona Virus, Lockdown, COVID-19, Circular Flow of Income, Indian Economy.

INTRODUCTION:

Corona virus outbreak was first reported in Wuhan, China on 31 December, 2019. Before reading in detail about the impact, first, let us study about corona virus. Corona viruses are a family of viruses known for containing strains that cause potentially deadly diseases in mammals and birds. In humans they're typically spread via airborne droplets of fluid produced by infected individuals. WHO is working closely with global experts, governments, and other health organizations to provide advice to the countries about precautionary and preventive measures. We can't ignore the fact that the outbreak of COVID-19 in China is expected to have a significant impact on the economy globally including economic slowdown, trade, supply chain disruption, commodities, and logistics.

GOVT INITIATIVES TO CONTROL VIRUS:

1. **Work From Home:** The very step took by government to start the work from home. All the private sector firms are working from home, but the problem in this initiative is not all the firms work from home.
2. **Ensure Social Distancing:** As we have seen Government urged people to make social distancing there should be no gathering of more than 5 people.
3. **Government launches MyGov Corona Helpdesk on WhatsApp | India:** Government launches MyGov Corona Helpdesk on WhatsApp. This new initiative by the Centre will also create awareness among the citizens about the preventive measures that could save them from falling prey to the highly contagious virus.
4. **21 Days Lockdown:** Prime Minister Shri Narendra Modi had announced a 21-day lockdown for India in order to contain the deadly Coronavirus and stop it from reaching the stage three of community spread. But those days, the only question a person asked if the lockdown will end within 21 days or not. Few states have expressed their opinion over it. Maharashtra is in favor of extending it and so is UP along with Telangana and Chhattisgarh. But did PM Modi's statement, 'Yeh Lambi Ladaai Hai' hints at something else and now as we can see Lockdown 3.0 also implemented and some district, city or certain areas of city which are under red zone will extend the lockdown up to May end as per the sources and assumptions.

PROBLEMS REGARDING POOR:

1. **High Dependence on Unorganized sector:** Since the mostly poor people work in an unorganized sector they are daily wage earners, work from home is not an option for them.
2. **Crowded Places:** Mostly poor people live in crowded places to avoid social distancing is very difficult for them. One can easily think about the reason behind the increasing cases of Virus in Mumbai. Places like Mumbai's Dharavi slum, or even a typical Indian household containing extended families, can facilitate contact with virus-bearing droplets emitted by breathing, talking, coughing or sneezing.
3. **Migrant Workers:** No prior notice before lockdown had led to huge panic among workers. In fact many workers had to take a walk to their villages.

EFFECT ON INDIAN ECONOMY:

In terms of export, China is India's 3rd largest export partner and accounts for around 5% share. The impact may result in the following sectors namely organic chemicals, plastics, fish products, cotton, ores, etc.

We also can't ignore that most of the Indian companies are located in the eastern part of China. In China, about 72% of companies in India are located in cities like Shanghai, Beijing, provinces of Guangdong, Jiangsu, and Shandong. In various sectors, these companies work including Industrial manufacturing, manufacturing services, IT and BPO, Logistics, Chemicals, Airlines, and tourism.

It has been seen that some sectors of India have been impacted by the outbreak of coronavirus in China including shipping, pharmaceuticals, automobiles, mobiles, electronics, textiles, etc. Also, a supply chain may affect some disruptions associates with industries and markets. Overall, the impact of coronavirus in the industry is moderate.

1. **Scarcity:** The concept of scarcity says that we have unlimited wants and limited resources. As we can we have limited health care facilities and patients are increasing day by day.
2. **Shortages:** These days whenever you go to stores you will witness the shortages of many things. People are afraid that they will not find things in future so they are buying the huge quantities to store at home which led shortages. Supply shortages are expected to affect a number of sectors due to panic buying, increased usage of goods to fight the pandemic.
3. **Tourism and Aviation:** Due to the coronavirus outbreak, the inflow of tourists from China and from other East Asian regions to India will lose that will impact the tourism sector and revenue.
4. **Disturbs Circular Flow of Income:** Airlines, Cruises, Restaurant industries are going to collapse people are not going outside. There is no demand of good and service. No demand means no income in an economy which decelerates the economic growth.
5. **Cinema:** The pandemic has impacted the film industry. Across the world and to varying degrees, cinemas have been closed, festivals have been cancelled or postponed, and film releases have been moved to future dates. As cinemas closed, the global box office dropped by billions of dollars, while streaming became more popular and the stock of Netflix rose; the stock of film exhibitors dropped dramatically. Almost all blockbusters to be released after the March opening weekend were postponed or cancelled around the world, with film productions also halted. Massive losses in the industry have been predicted.
6. **Unemployment:** The International Labor Organization stated on 7 April that it predicted a 6.7% loss of job hours globally in the second quarter of 2020, equivalent to 195 million full-time jobs. They also estimated that 30 million jobs were lost in the first quarter alone, compared to 25 million during the 2008 financial crisis.
7. **Television:** The 2019–20 coronavirus pandemic has shut down or delayed production of television programs in several countries.
8. **Effect on GDP Growth:** India's GDP growth for the current fiscal is expected to slow down to 4.8 percent, a UN report has said, warning that the COVID-19 pandemic is expected to result in significant adverse economic impacts globally.

Positive Effect of Corona Virus:

It is true that coronavirus has slowed down the world economy, put entire countries under lockdown and brought to a halt the daily lives of people. But the main beneficiary of this slowdown is, hands down, the environment.

Given the non-existent traffic on roads, a slowdown in the release of waste into the air and ocean by large scale industries, and no cluttering on the beaches nature has finally been able to catch its breath. People Are Finally Spending More Time with Family One thing that millennial focus on the least is family. Now that most of us are home, we can finally bond with them or at least give them more time than we used to. This time of coronavirus lockdown can be used to work on personal relationships, rebuilding them. As cinemas, schools, restaurants and other public places have been shut down till end of May because of coronavirus and many people are working from home, traffic has reduced on the ever packed Delhi roads resulting to lower pollution and better air quality in the national capital. People Are Saving Commute Time All the people sitting and working at home were probably once told by their bosses that their job cannot be done by working from home. But here we are. Many of us spend a major part of our day commuting and what is supposed to be an 8-hour job becomes a 12-hour gig. Now that we are home, we are saving four hours of our day that we can invest in something else, even much-needed sleep.

SUGGESTIONS:

1. Enhancing the amount of money being transferred in accounts during this time period.
2. Ensuring the time delivery of Pension amounts.
3. Provides cooked meal to poor people.
4. Ensure adequate health care facilities for the poor and needy.
5. Daily data show on the accountability of fund which is coming to the government on news channels.
6. There should be pre announcement of lock down at least before 2 days.
7. More and more testing to check the patients.
8. We need to ensure that poor and non-salaried people lowered middle class who are prevented from work for longer period can survive.
9. The state and center should have come together to figure out quickly some combination of public and NGO Provision of food and health care.
10. Healthy youth lodged with appropriating distancing in hostels near the work place, may be ideal worker for restarting.
11. Conduct of online classes for students.

CONCLUSION:

Corona has taken the epidemic in India. Many big personalities have also contributed in the fund. Those who are capable to donate should denote the highest amount. One day everything will be fine. We would find the some antidote related to it. Peoples making joke of corona that isn't good. Government announced holidays that peoples should live at homes and ignore to visit places. Also that it has been found that medicine of Malaria is giving the relief to corona patients. Many corona patients recovered by this drug. To help the economy is everyone responsibility one should work more, consume more to give the largest share in GDP. Those who are able to work from home they can work online should work seriously not taking the advantage of work from home. Follow the precautions given by the government and stay at home give the time to family. One can follow the suggestions given in the research paper.

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